

Clerk's File Copy

THE MAGNAVOX COMPANY, et al.,

Plaintiff,

VS.

CHICAGO DYNAMIC INDUSTRIES
et al.,

Defendants

No. 74 C 1030
and
74 C 2510

Before the Honorable JOHN F. GRADY,
Judge

Tuesday, January 4, 1977

10:15 a.m.

Parties met pursuant to adjournment.

PRESENT:

MR. ANDERSON
MR. WILLIAMS

MR. GOLDENBERG
MR. RIFKIN

FILED

MAR 2 - 1977

H. Stuart Cunningham, Clerk
United States District Court

THE CLERK: 74 C 1030, consolidated with
74 C 2510, Magnavox v Chicago Dynamics Industries, Inc.,
case on trial.

(There was a brief interruption,
after which the following further
proceedings were had herein:)

THE COURT: Good morning, gentlemen.

MR. ANDERSON: Good morning, your Honor.

MR. GOLDENBERG: Good morning, your Honor.

MR. ANDERSON: We will recall Professor Kayton
to the stand.

IRVING KAYTON,

called as a witness by the plaintiff, having been pre-
viously duly sworn, was examined and testified further
as follows:

THE COURT: Good morning.

THE WITNESS: Good morning, your Honor.

DIRECT EXAMINATION (Continued)

BY MR. ANDERSON:

Q Professor Kayton, I would like you to again
open the patent '284, the original Rusch patent.

At the close of the session yesterday
afternoon, I believe you had just described in some
detail the procedure by which the examiner made an
examiner's amendment to enter the reference at the top

of column 1 of the '284 patent, referencing the application that resulted in the '480 patent and the significance of that.

Is that correct; is that where we were yesterday afternoon?

A I recall that.

Q Professor Kayton, you also mentioned that there is a reference in the '284 patent, at column 1, down around lines 35 to 42 and that paragraph.

Referring specifically to the '480 patent application, can you state what the significance is of that reference to the '480 patent application?

A Yes, that section of the patent that you referred to in column 1 is in a headed portion, entitled "Background of the Invention". This is a special categorization of what is disclosed in the patent treated in the Manual of Patent Examining Procedure. Its location there has a special significance because the Manual of Patent Examining Procedure, at Section 608.01(c) describes the nature and the function of that part.

At 608.01(c), entitled "Background of the Invention," the Manual specifies that when you put in --

Q Professor, just a minute. Let me pull from the Manual a copy of that page.

(There was a brief interruption,
after which the following further
proceedings were had herein:)

BY MR. ANDERSON:

Q Now, if you will.

A Yes, that section appears at the bottom of the first column of page 46. It indicates the function of the background of the invention portion, which is divided into two parts. The first part is used to describe the field of the invention, and the second part is a description of the prior art.

Now, you will notice that the applicant's attorney included the reference to the application that matured into the '480 patent at the bottom. It is in the paragraph immediately following a paragraph at line 26, that begins, "Heretofore color and monochrome television receivers have been used," et cetera.

That portion of the background of the invention is the description of the prior art. The attorney therefore was saying, by his inclusion of the '480 application reference, that he considers the '480 application as prior art.

This has some very special meaning. In my testimony yesterday I indicated that based on provisions of the NPEP, when there are different inventors

with a common assignee and two applications, the examiner would be obliged to reject the claims of the application in prosecution over the claims of the commonly assigned application if the assignee did not elect one of them. This placement of the application reference goes a step beyond. By putting the application in that part, the attorney is saying not only the claims of the '480 application are prior art, but the entire disclosure of the '480 application is prior art.

Indeed, it is the practice in the Patent Office to treat such a statement as an admission that it is prior art irrespective of the form that the prior art takes. An examiner therefore can reject claims in prosecution based on anything that is so admitted.

Q Professor Kayton, I would now like you to look at the second original patent, patent 3659285, and in particular any references in that patent to the '480 patent application.

Will you state what references appear and what the significance is in this file wrapper and in this patent?

A Yes. If we can turn to column 1 of the '285 patent, you see a parallel format to the '284. There is at the top the same reference to the applications which matured into the '480 patent; and in addition, there is a reference to the application that matured into the '284 patent. That is in the first column at the top, under "References to Related Applications".

Similarly, in the last paragraph in the section entitled "Background of the Invention" you have references to the applications which matured into the '480 patent and the application which matured into the '284 patent.

Q And in those respective locations what is the significance of the citation at that place in the patent?

A They are exactly the same as I described with respect to the '284. It does two things. It makes the claims of the applications referred to as prior art, and it makes the disclosure of the applications referred to as

prior art.

Q I would like to hand you a copy of the file wrapper and contents before the Patent Office of the '285 patent, which is Plaintiff's Exhibit 2-B, and ask you to refer to the tab papers in the file wrapper and explain how the references to the '480 patent application eventuated in the '285 patent, based upon the file wrappers.

A Yes. The paper that is tabbed number 1, which is the first page of the paper prepared by the applicant's attorney, entitled "Amendment B", at the top makes reference and requires a change in the reference to the '480 application.

The '480 application had been referred to with respect to the parent application, serial number 697798; and this amendment deleted that reference, just as I discussed it with respect to the file history of the '284 patent.

At this point applicant's attorney knew that a continuation had been filed in the '480 patent prosecution and was getting ready to put in the new serial number, but it had not been received yet. —

I might point out that, as you can see, the reference to the '480 -- references to the '480 application specified, there are more than the references that I just mentioned in the patent. I just pointed to two places. There are two other places in the '285 patent which referenced the '480 application.

Q Turn --

Yes, excuse me.

A That was index tab 1.

Q All right. Then turn to the examiner's amendment which I have marked as index tab 2 and describe the Patent Office procedure with respect to that.

A The page at index tab 2 --

MR. GOLDENBERG: Mr. Anderson, would you identify that so I might follow?

MR. ANDERSON: I'm sorry. It's the office action, the examiner's amendment dated December 15, 1971, paper number 8C, and it's the document that immediately follows the amendment that Professor Kayton has just been discussing.

THE COURT: It's got a page number 102 at the

bottom on my copy.

MR. ANDERSON: Yes, I see that file wrapper was apparently numbered by the Patent Office. At least parts of it were. It doesn't appear to appear on every page.

BY THE WITNESS:

A This is another examiner's amendment, similar to the one we discussed with respect to the '284 patent file history. The examiner was advising the attorney that he had directed the clerks in the Patent Office to make changes in the specification, one of which was to include this paragraph entitled "References to Related Applications", and that paragraph became the first paragraph in the '285 patent that I referred to.

Similarly, the examiner obtained the new serial number on his own of the continuation application in the '480 patent file history and inserted those in the blank spaces that had been prepared by the preceding amendment.

BY MR. ANDERSON:

Q And is that reflected at page 2 of the examiner's amendment of December 15, 1971?

A Yes. That is on page 2, which appears as numbered page 103 immediately following the page of index tab 2.

Q So that he inserted the serial number of the '480

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application at three places, pages 2, 9 and 24 of the original application?

A That is correct.

Q And he made an amendment of an entire paragraph, as indicated on the first page of his amendment?

A That's correct. He inserted an entire paragraph at the top.

Q Professor Kayton, perhaps to show how that is done mechanically in the Patent Office, would you turn to the very beginning of the file wrapper and contents, Plaintiff's Exhibit 2-B, and indicate how those entries were made in the Patent Office record, referring particularly to your page 1 as a starting point of the original application as filed?

A Yes.

Q That would be about the -- what, 4th page, I believe, of the entire document --

A Yes.

Q -- Exhibit 2-B?

A Yes. That is the first page of the specification of this application.

And you will notice that most of the first page is devoted to abstract of the disclosure. Now, that does not appear in column 1 of the patent at all. That appears on the very first page of the patent.

Q / That's of the actual printed patent?

A The actual printed patent. Now, after that you see "Background of the Invention", and over to the left an insertion caret that says "C1", letter C1. That means that this was -- that an insertion was to take place. That insertion was C1. It corresponds, if you will notice, to the paragraph in the examiner's amendment indicated in the left in ink to be C1.

Consequently, when this application was processed for printing, that part of the examiner's amendment talking about references to related applications was inserted, as indicated in page 1 of the application, and appears as the paragraph at the top of column 1 immediately preceding "Background of the Invention".

Q All right. And you might point out how the other three examiner's amendments were made. For example, at pages 2 and then 9 and 42.

A Well, by similar-- in similar fashion, if you turn to the second page of the application you will see the very insertion called for on page 103 of the second page of the examiner's amendment, and it is handwritten in there, because it's very small. On the preceding page, because it was a large insertion, they just referred to it by that amendment letter designation, but here it was written in. But the authority for it is

also listed over to the left, where you have the letter C, and it's not too clear whether there is a "1" after that. And so 2--

Q Now, is the entry at page 2 in the portion of the original application which you have characterized as the applicant's statement of prior art?

A Yes. The background of the invention begins at the bottom of page 1 and bridges over to page 2, and you can see that the words are identical to the words in the patent.

And I was saying that also if you look at page 9, line 3, as the examiner's amendment specifies, third line from the top, line 3, you see similarly the updating of the '480 application serial number, '480 patent application serial number.

Q Professor Kayton, in acting on the merits of a patent application, what use can the examiner make of the applicant's statement of the prior art as contained in the section under "Background of the Invention"?

A He may use it as prior art, to reject claims, either for anticipation under Section 102 or non-obviousness -- or obviousness under Section 103.

Q Professor Kayton, I would like you to now look at the reissue patent '507 -- that's the reissue patent of the original patent 659,284 -- and point out where in the '507 patent the corresponding references to the '480 application actually appear.

A There are several of them. If you will turn to column 1, the first paragraph is exactly as it was in the issued '284, which was the parent that was carried forward. The bottom of the "Background of the Invention" statement, the last paragraph similarly has that reference.

Q That is at column 1, about line 48?

A Yes, about line 48, going down to 51.

There are a whole series of those that were carried forward. Column 7, line 27 has such a reference.

Q Professor Kayton, is there also one in column 4, around line 49?

A Yes, there is. I missed that one. Column 4, line 49, there is another reference.

Q At column 4, line 49, for example, the statement is, "A knob 15 controls background color for color TV receiver application wherein a chroma generator is employed in the manner set forth in said applicatinn Serial Number 126,966."

What is the significance of a statement of that kind in a patent application?

A The attorney is saying that this is disclosed in the application. It is prior art to him, prior art to the applicant. He is characterizing that part of the application that matured into '480 and is relying

on it to describe it in an analogous way.

Q Then proceed to the reference that you mentioned at column 7 and describe that similarly, if you can.

A Column 7, the serial number appears at line 27 in a sentence that begins at line 23 -- no, the sentence begins at line 25.

After having described certain effects, it says, "The summer modulator and RF oscillator 28 are set forth in said patent application Serial Number 126,966."

That sentence refers to the description of the circuits immediately preceding. So, too, he was saying this is known in that application and is not anything that the applicant is saying is his.

At column 8, line 48, you see a similar reference to the application that matures into the '480 patent, and it too is in a sentence that describes what appeared in that application and is useful in explaining what is going on in the circuit.

It says, "If desirable, a 60 Hz --" 60 cycle -- "sync can be extracted from a photosensor directed toward the front of the TV screen and horizontal sync can be obtained from a pick up coil as described in said patent application."

Q A few lines down is there another reference to the '480 patent application?

A Yes, it is in the same paragraph. It is line 54, and it says, "These features are compatible with a cooperating TV or CATV station as described in said patent application Serial Number 126,966."

Q If there are any other references to the '480 patent application, will you point them out, and if they are any different from the type of reference that you have already described, state what the differences are.

A At column 15, you have another reference at line 28, which is analogous to this kind of reference.

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Q That is with respect to a gun function, is that correct?

A Yes, the application maturing into the '480 patent is again referred to at line 16. This is somewhat different in that it is a much more inclusive --

Q That is column 16?

A Column 16, line 16; did I not say that?

Q I don't think you mentioned the column.

A I am sorry, column 16, line 16.

There the application is referred to and it is a more comprehensive description or characterization of the '480 patent application disclosure. It talks about, "if a player hits it--" that is the third spot -- "the coincidence pulse can be used to make all spots disappear to change screen color as described in said patent application Serial Number 126 & 966. For chase games coincidence of the pursuer and pursued can do the same thing."

The other references were with respect to specific small circuits. This reference is more of a characterization of the overall operation and disclosure of the application that matures into the '480 patent.

The only other reference that I have found is in column 18, line 5, in which it is also analogous to talking about the circuit and function which is a portion or a sub-assembly of the system.

Q Would you refer now to the second re-issue patent

in suit, re-issue 28, 598, which is a re-issue of the original patent 3,659,285, and describe similarly any references in that printed re-issue patent to the '480 application?

A At column 1 --

Q You might make any references to the co-pending '285 patent application as well, just to save time.

A '284 patent application?

Q '284, I am sorry.

THE COURT: Excuse me, Mr. Anderson. What are we on now?

MR. ANDERSON: We are on the re-issue patent 28,598, your Honor, and I asked the witness to point out where in the second patent in suit, re-issue 28,598, there are specific references to the '480 application or to the '284 or Rusch original application.

BY THE WITNESS:

A At the top of column 1 of the '598 patent, you see the complete paragraph of references to related applications that had been inserted by examiner's amendments in the '285 patent.

That paragraph makes reference to the applications upon which the '480 patent was based, and it makes reference to application Serial Number 828,154, which was the application that matured into the '284 patent, the Rusch patent.

So too toward the bottom of the background of the invention portion, in the last paragraph, from lines 48 through 53, there is a reference to applications that matured into the '480 patent and the '284 patent.

At column 4, line 52, there is a reference to the application that matured into the '480 patent, and it talks in similar fashion about a specific control.

BY MR. ANDERSON:

Q Proceed then with any others.

A Yes, column 22 at lines 16 and 17, 20 and 22 and 25, you have several references to the applications of the '480 patent and the '284 patent.

Q Are there additional ones going down that column?

A Yes, they are easy to pick out. The '284 application also appears at 29, 42, 46, and that is all I see.

THE COURT: Why are later patents given a lower serial number? Obviously they start all over again at some point, but how do you know from looking at a serial number what the date of it might be?

THE WITNESS: You can only estimate. The later ones are not given a lower serial number. Re-issue patents have a separate numbering system.

THE COURT: A separate numbering system, I see.

BY MR. ANDERSON:

Q Do they not start over at 100,000? Serial numbers never run over 1,000,000, I guess, is that correct?

A There are application serial numbers and there are patent numbers. Application serial numbers are designated over a period of five years, depending on the time, and then they start over, for application serial numbers; but for basic U.S. Patent Numbers, they go sequentially. The 4,000,000th patent, which will have the number 4,000,000 on it, has just been issued.

There have been many, many more patent applications filed than there have been patents issued, so the numbering system for the applications would be quite unwieldy if it just went sequentially.

There is only a rough way to guess. Data came out last week about when the 2,000,000 patent, the 3,000,000 and the 4,000,000 issued. The time span between those millions of patents has decreased, although not actually decreased as much as you would think, maybe half in time, but not that much.

Q Professor Kayton, do you have a copy of the Patent 3,728,480, the '480 patent?

A Yes.

Q From the printed copy of the '480 patent, are

you able to state in what Patent Office classification the '480 patent was placed?

A Yes.

Q Will you do so and explain how you do that?

A Yes, on the very cover of the first page of the '480 patent, which is essentially the data sheet of the '480 patent --

THE COURT: Will you wait until I get that?

THE WITNESS: Yes, your Honor.

THE COURT: That is in the blue book here, isn't it?

Yes, it is. Okay.

MR. ANDERSON: Do you have it, your Honor?

THE COURT: Right.

BY THE WITNESS:

A In the first column of that cover sheet, front sheet, there is a bracketed number 52. Next to it it says, "USCL", which means United States classification number.

I indicated yesterday that all patents and other things that describe technology that is available to the Patent Office is classified under a heirarchical index with respect to the technology. This patent, the '480 patent, was put into the heirarchical index class and stored in the searching library of the

Patent Office in Class 178/6.8, and it was also cross-referenced in the other classes to the right.

Essentially that then becomes like its entry under the West Key Index system for future searching.

BY MR. ANDERSON:

Q Two lines down on the cover sheet of the '480 patent is another set of classes and subclasses, following the legend, "Field of Search".

What is the significance of that on the printed patent?

A That is a record of the technological categories, classes, parts of the library that the examiner went through, searched through during the prosecution of the '480 patent.

Q Will you refer to the '285 patent and indicate similarly on the cover sheet of the '285 patent?

THE COURT: Maybe we can save some time here.

Are they all the same? Can we stipulate to that?

MR. GOLDENBERG: Your Honor, the classifications are not the same. I think Mr. Anderson wants to bring that out.

THE COURT: I thought he wanted to bring out that they were the same, all right.

BY MR. ANDERSON:

Q - Will you point-out where the reissue patents and the '284 and '285 patents were cross-referenced, please, and classified?

A All four of them, you mean?

Q Yes.

A I have the '285 in front of me.

Q All right, why don't you take them one at a time, starting with the '285, and just point out where it was classified and cross-referenced.

A The '284 patent was -- I am looking at the '284 now -- in the U.S. classification, it was classified in 340/324A and was cross-referenced in 178/6.8, which is the major classification that the '480 patent was classified in.

The field of search in the '284 patent, that is, the classifications that the examiner searched when examining the '284 patent, you will notice includes Class 178/6.8, which is the major classification of the '480 patent. In other words, the '480 patent was in a portion of the library and in the files that the examiner searched when he was examining the application for the '284 patent.

That is not strictly correct. It is the same class, but the '480 patent had not issued yet, but

it was the same technical area.

Now on the '285 patent, you have a direct parallel to the '284. The '285 is classified in the same major classification as the '284, and the field of search for the '285 included the major classification of the '480 patent, eventually ending up in 178/6.8.

Q All right.

A Then you --

Q Go ahead.

A I was going to go on to the re-issues then.

Q Yes. Just point out quickly where they were classified and the field of search.

A The re-issue patent '507 was in the major classification as indicated in line 52, 340, 324 AD. It was cross-referenced in the same 178/6.8 classification of the '480 patent. And the fields of search are indicated down below, 340, 324, AD. It's the same field as the major classification.

Q All right. And then with respect to the '507?

A Okay. The '507 similarly has -- oh, I just gave the '507, I thought.

Q Oh, '598. Excuse me. I'm sorry. I misspoke.

A '598, it's directly analogous. It's very similar, with some exceptions. It's classified in the same classification as the -- the '598 is classified in the same classification as the '507. It is cross-referenced in 178/6.8. And then the fields of survey that are indicated are those two, 340, 324 AD, and 315, 377, the same as in '507.

Q All right, thank you. Now, with respect to the art considered by the examiner at the time that he was prosecuting the '284 and '285 patent applications, in the

light of your testimony about the specifications and the examiner's amendments, I would like to read to you certain statements which Mr. Goldenberg made in his opening statement and ask you whether you agree or disagree with those statements.

At page 45 --

MR. GOLDENBERG: Your Honor, I object to this.

The duty of an expert witness I believe is to instruct the Court on technical subject matters where that would be of benefit to the Court. I believe it is the duty of the attorneys for the parties to argue the law to the Court. That is inappropriate testimony for an expert witness.

THE COURT: What is the purpose of this, Mr. Anderson?

MR. ANDERSON: Well, your Honor, the specific question that I intend to pose is Mr. Goldenberg's statement:

"The contention that the Patent Office considered the '480 patent we submit is wrong. It did not. It could not. There is no way the subject matter of the '480 patent could have been considered by the Patent Office."

THE COURT: Well, now, is the witness going to add anything to what he has already said? It seems to me that he has given the basis for his answer to

that, and in fact, I consider that he has given his answer to that. Would there be anything you would add to what you have already said?

THE WITNESS: I would really have to look at the words to see.

THE COURT: Well, except --

THE WITNESS: I imagine that there is one place, based upon the Manual of Patent Examining Procedure, that would bear on this.

In other words, the Manual of Patent Examining Procedure represents what the Patent Office considers must be done, what the Patent Office considers is prior art and what is a reference, and I think all I could add is point out, to the extent that it has not been done, a specific instance where that would add information.

I believe your Honor is absolutely correct. I have laid the foundation in my answers for response to this, whatever it may be. I can only think of a couple of instances.

THE COURT: I am going to sustain the objection. I think you can get the same information in a different way, and when Mr. Goldenberg starts to cross-examine I'm sure that the differences between them will be quite apparent.

MR. ANDERSON: All right. Thank you, your Honor.

BY MR. ANDERSON:

Q Professor Kayton, in the case of the two re-issue patents there were also oaths filed, is that correct?

A Yes, there were.

Q Now, I think you briefly described how reissue patent applications, the declarations -- and I might ask you, just to clarify the record, the difference between an oath and a declaration in patent office practice.

A Yes. An oath is a statement sworn before a notary public; a declaration, one not before a notary public, but with the caveat that if any of the statements are untrue you are subject to criminal prosecution under the Federal statute. They have the same force and effect.

Q Now, with respect to the prosecution of a re-issue application, summarize again how that is similar and how it might be different from the prosecution of an original patent application.

A I didn't hear the first part of the question.

Q With respect to the prosecution, the handling by the examiner of a reissue application, will you briefly state how that is the same and how it differs from an original patent application in the way it's handled.

A Yes. The reissue application is the same, in virtually all respects but one, to the prosecution

treatment by the examiner in the regular application. This has very important significance, because when you file a reissue application you are starting the examination process de novo. The examiner in a reissue application, even though the parent is an issued patent, can reject all of the claims in a reissue, including those carried forward from the patent, on any new ground, and indeed on any of the old grounds that were originally presented.

It's therefore a very serious undertaking. It's an undertaking that is serious in that if you had an invalid patent to start with, you are not going to get the reissue if the rejections are developed, and from that point of view it's a good thing to do, because nothing is as worthless as an invalid patent.

But the point is that the examination procedure is reinstituted and it's a new procedure. It's different from the examination of a regular application, because additional grounds for rejection of the reissue appear, or could appear, could arise, that don't appear in the regular application.

And that arises from a different kind of oath or declaration than the reissue application. In the reissue application you have more than just a mere form saying that I consider myself to be the first in-

ventor and what I have is patentable over the art defined by Section 102. You must set out in detail why you are reissuing your application, in what way was the original patent inadequate to give you the complete property protection to which you are entitled.

Now, if you don't -- if you state grounds in that reissue oath which can give rise to rejections, as can be the case, the examiner can reject all of the claims, all of them, the old ones and the new ones, on the basis of the oath itself, on the basis of a defective oath. That's something that you cannot do in a regular application.

He may require you to correct it, or if it's totally defective, you don't have a patent application.

Q Professor Kayton, I would like to hand you the file wrapper and contents of the re-issue patent 28507, which is Plaintiff's Exhibit 2-C, and ask you to consider the document that is tabbed The Declaration, Power of Attorney and Assent of Assignee. Have you read that combined declaration over before?

A Yes, I have.

Q Can you comment on the significance of that declaration, in view of the testimony that you have heard in this case?

A It's a broader question than I can cope with.

Q Let me open my book here.

In the combined "Declaration, Power of Attorney and Assent of Assignee" of the '284 re-issue, William T. Rush made certain statements in the second paragraph that -- I will quote.

"That certain of said coin-operated television games use as a video display device either a television monitor or a television receiver intended to receive broadcast television signals with the radio frequency and intermediate frequency portions thereof by-passed or disabled; that some of the claims of said Letters Patent 3,659,284 include the term 'standard television receiver', specifically, claims 1-16 and 22-35, and some of the claims of said Letters Patent 3,659,284

"include the term 'television receiver', specifically, claims 17 -- 21 and 48 -- 59; that the claims which do not recite a 'television receiver', but rather recite 'cathode ray tube', specifically claims 3,4 and 7 -- 12, are inadequate to fully protect our invention because they are otherwise of different scope from the claims that recite a 'television receiver'; that in the context of my invention and in the context of the description thereof in said Letters Patent 3,649,284 I have always understood and believed 'television receiver' and 'standard television receiver' to mean any cathode ray tube display incorporating circuitry for a raster type scan, inasmuch as such displays are common to both monitors and broadcast television receivers and are therefore both reliable and readily available at low cost, as evidenced by the fact that at least some of the coin operated games incorporate entire broadcast receivers, with the radio frequency and intermediate frequency sections disabled."

Professor Kayton, what is the significance in the procedures of the Patent Office in prosecution before the Patent Office of a statement of that kind by an applicant?

MR. GOLDENBERG: Your Honor, I object to that question. I think in accordance with your Honor's earlier ruling, Professor Kayton may testify about the customs and practices of the Patent Office. But I think to testify about the significance of those falls into this area of argument for attorneys.

I think the Court may be interested in knowing what the practice of the Patent Office is, but whether or not that practice has any significance I think is a matter of argument and not for testimony by a witness.

THE COURT: Well, I think that the answer here is not going to be a comment on the truth of what is asserted here, but rather upon the manner in which such a statement is treated by the Patent Office. Is that the thrust of the question?

MR. ANDERSON: Yes, your Honor. And I think I could pose it as a hypothetical question, if that will help.

MR. GOLDENBERG: No, I don't know that it will help, because I think Mr. Anderson isn't quite asking in his revision what your Honor's suggestion is, what is the custom of the Patent Office or how does the Patent Office treat it. I have

no objection to that question.

THE COURT: I am not really sure why the question is necessary anyway. It's apparent to me that the -- is it Mr. Rusch that is making this affidavit? Mr. Rusch says that his '284 patent is not as broad as he intended for it to be and he is having trouble with the coin operated devices and he wants to expand the coverage of the claims to extend to television receivers that don't have a front end.

MR. ANDERSON: Well, your Honor --

THE COURT: That's basically it, isn't it?

MR. ANDERSON: No, your Honor. I think what he is saying is -- and the oath goes on --

THE COURT: I haven't got that far.

MR. ANDERSON: I should have continued to read. At the middle of the oath, on page 2, Mr. Rusch states,

"That while I believe that the enumerated claims 1-16 and 22-35 do in fact cover games using television monitors or broadcast receivers with the radio and intermediate frequency portions bypassed or disabled, on information and belief some manufacturers of coin-operated television games have taken

"the position that the terms 'standard television receiver' and 'television receiver' do not include either a television monitor or a television broadcast receiver intended to receive broadcast television signals but with the radio frequency and intermediate frequency portions thereof bypassed or disabled."

I think what Rusch states then in his declaration is that on information and belief -- and this is quoting again --

"On information and belief said Letters Patent 3,659,284 is rendered partly inoperative because of unlicensed manufacture of certain games by said manufacturers under color of claim of non-infringement; that the inclusion of terms within claims of said Letters Patent 3,659,284, such as claim 25 and 51, which might form a basis for any party to take the position that those claims do not include television games using as a video display device either a television monitor or a television receiver intended to receive broadcast television signals but with the radio frequency and intermediate frequency portions thereof by-passed or disabled there was through error and without any deceptive intentions; and that the failure to include in said Letters Patent 3,659,284 claims in the form of claim 60 -- 64 of this application was through error and without any deceptive intention."

Now, the inventor, Mr. Rush, is clearly stating that, I think, that he believed those claims, those words, "television receiver" and "standard television receiver" did include television monitors and broadcast receivers, with their IF and RF disabled.

THE COURT: That speaks for itself. Now, what is it which you want Professor Kayton to say about it?

MR. ANDERSON: The question I want to ask Professor

Kayton is, what is the procedure or practice in the Patent Office in the event that an examiner finds that the belief of an applicant with respect to the meaning of any word is inconsistent with the meaning that was intended in the claims at the time or during prosecution of the re-issue application, and what his responsibility is in that event.

THE COURT: I will overrule the objection. And, Mr. Goldenberg, I realize that I have a trial de novo here, both on the question of the validity of the original patent and the validity of the re-issue, and the fact that the examiner found in a particular way on either occasion is obviously not binding upon me, and therefore, this testimony really, it seems to me, is no more objectionable than the description of what the examiner did in the first instance. Obviously he made a judgment when he granted '284.

MR. GOLDENBERG: I understand, your Honor, and I will attempt to subside.

THE COURT: All right.

BY MR. ANDERSON:

Q Professor Kayton, you heard my expression of the hypothetical.. Is that a hypothetical question to which you can address an answer?

A Yes, I can.

Q Will you please do that in the hypothetical sense.

A In the re-issue, the inventor stated what he regarded -- in the re-issue declaration the inventor stated what he regarded his claim to mean, his invention to be, with respect to television and standard television receiver. That's in the declaration. If the examiner on reading that declaration -- which he is, of course, charged to do -- believed that the claims that were carried forward did not reflect what the applicant viewed them to be, that is to say, if he looked at those claims and said, "The meaning that you say they have is in fact incorrect," he would have been obliged to reject all of the claims in the re-issue that include the word "television receiver" or "standard television receiver", based upon that part of the statute that we had reference to, the second paragraph of section 112, which states the specification will conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

If in fact the claim does not state what the applicant regards as his invention, the examiner must reject those claims on that basis, because it is inconsistent with the second part of that sentence. And that's a statutory requirement. And so he would reject all of the claims, based on the re-issue declaration.

Q I would like to show you the reissue file wrapper and contents of U.S. Patent Reissue 28,598, Plaintiff's Exhibit 2-D, and ask you to turn to the declaration which has been tabbed as tab 1 and state whether you find in that declaration with respect to the '598 patent a similar reference to the terms "television receiver" and "standard television receiver."

A Yes. They are virtually the same, except for the changes in the claim numbers that are referred to, because it's a different patent.

THE COURT: If it is clear that the original claim does include that matter which is in controversy, then why is it necessary to issue or to reissue the patent? Is that simply to clear up any doubt in the minds of third parties?

THE WITNESS: Well, in this case, two things were done. One of them was that it was deemed under the statute to be ineffective in protecting property rights. And also, some claims were added, and I am really not familiar with, you know, the technology of the claims, but some claims were added to further flesh out the protection that would be provided.

THE COURT: Now, it's the original claims that are expanded in a reissue, and adding new claims

based upon the original specifications, is that correct?

THE WITNESS: No, that is not correct. There are several things that can be done.

You can carry forward all of the original claims intact without any change at all, and that was done in this case. Claims were carried forward in total.

You can narrow claims that were originally there.

You can expand claims that were originally there.

You can leave out claims that were originally there.

And you can add claims.

And what you have available to you is a function of the problem that you are coping with, and all of those things can be done as a matter of fact. And so what we are talking about here is the reissued patent with all of the claims of the parent patent carried forward and some claims added.

THE COURT: I understood you to say a few moments ago that in order for the examiner to allow any material to be included in the reissue

claims that were not found in the original claims, he must find that that material was comprised within the intent of the original claims.

THE WITNESS: No.

THE COURT: Apparently I misunderstood what you said.

THE WITNESS: I did not.

THE COURT: All right.

THE WITNESS: I may have said that. I certainly did not mean to suggest that.

THE COURT: Do you want to go back? What is it the examiner does to determine what in fact the inventor did intend the first time around? What does he look at?

THE WITNESS: If we can be specific, here we are talking about television receivers and we are talking about standard television receivers. It is the same examiner for the parent patent and for the re-issue patent. He need do nothing but look at the claim and say, "You are right" or "You are wrong" about the meaning of these words.

He has the disclosure before him. The disclosure is what he has reference to because the patent attorney is his own lexicographer. If on reading that disclosure in the patent he understands the claim language to mean what the applicant states he meant it to mean, then he says, "Okay, no rejection."

If on reading that claim and looking at the definitions and the description in the specification he said, "I don't view this claim to mean what you have said it means," then he must reject the claim on paragraph 2 of Section 112 on the grounds that the claim, which he independently decided means something, does not set forth what the applicant regarded as his invention.

THE COURT: Now you are saying what I thought you said. You must find this new matter within the language of the original claims as interpreted in the light of

the disclosure of the original patent?

THE WITNESS: Yes, your Honor, except it is only the term "new matter" that I have difficulty with, which is a special --

THE COURT: "New" is perhaps not a good word because it begs the question really.

THE WITNESS: You see, a re-issue would be invalid if new matter were added.

THE COURT: Right, "new" is the wrong word, but we both realize that.

The inventor can't simply come in and produce a document, for instance, from his file that was not part of the disclosure of the original patent and was not part of the claims of the original patent but which unequivocally shows what his intent was; that wouldn't be good enough for a re-issue?

THE WITNESS: It would be totally inadmissible, unacceptable, and that would be what is called, quote, "new matter", close quotes, which is expressly unacceptable.

THE COURT: So if the inventor absolutely intended to include a particular thing but through total inadvertence or oversight was omitted, you can't put it in on a re-issue?

THE WITNESS: That is correct, if it goes to the

claims, that is right.

In short, your Honor, the examiner was making his determination based on the specification. If he disagreed, he would have had to have rejected it.

BY MR. ANDERSON:

Q Professor Kayton, you heard Mr. Ralph Baer testify on direct examination and on cross-examination on his work which resulted in a reduction to practice of his invention that became the '480 patent, did you not?

A I did.

Q Based upon that testimony and your understanding of Patent Office practice and procedure, is that reduction to practice then effectively before the Patent Office --

MR. GOLDENBERG: Your Honor --

BY MR. ANDERSON:

Q -- prior art?

MR. GOLDENBERG: I am sorry. Could I have the question again?

Q (Read by the reporter.)

MR. GOLDENBERG: I am sorry. I have no objection.

BY THE WITNESS:

A Yes, it is.

BY MR. ANDERSON:

Q Can you state why that is true?

A Yes, it really is a matter of necessity. In the

examination and cross-examination it was established, as I understand it, that there was a one to one correspondence between the actual reduction to practice of Mr. Baer and his invention of the '480 patent. Since both the claims and the disclosure were available to the examiner for consideration and the reduction to practice was in one to one relationship, the examiner's consideration, as I indicated he was obliged to do, of the '480 invention meant that Baer's reduction to practice was also considered because it was the same.

Now, if I misunderstand, if it was not the case that the reduction to practice was in one to one correspondence with the invention of the '480, then as a matter of logic, the statement is false.

If there was the one to one correspondence, then the reduction to practice was necessarily considered because it was the same as the '480 invention, which the examiner was obliged to consider.

THE COURT: Was the reduction to practice the breadboard or the brown box?

MR. ANDERSON: The reduction to practice, I think, according to the testimony of Ralph Baer, covered first a demonstration. It was neither the breadboard or the brown box with respect to the '480, and I think we can probably cover all of this by just refreshing my under-

standing of Ralph Baer's testimony.

He said that the '480 application incorporated circuits that he demonstrated to Mr. Etlinger and others, I believe in June of 1967, as well as work after that but before the filing date of the '480 patent application, which the original application was filed January 15, 1968.

Then I think a fair summary of the testimony would be that the breadboard that was demonstrated in January of 1968 was a reduction to practice of the '284 patent and the '507 re-issue patent and that the Brown demonstration unit, which I believe was demonstrated in January of 1969, finished in late 1968, constituted a reduction to practice of the disclosure of the '285 patent and the '598 re-issue patent.

Certainly if Mr. Goldenberg feels that I have unfairly summarized the record, I wouldn't hesitate to have him --

MR. GOLDENBERG: No, Mr. Anderson, I think you have stated it correctly.

THE COURT: What was the physical thing that was displayed to Mr. Etlinger back in June of 1967? I have forgotten what that was. That was an earlier breadboard, is that what it was?

MR. ANDERSON: Well, yes. I don't know if Mr. Baer described it as a breadboard, but I think that would be what it would be considered.

I believe that is the one where the field changed color.

Mr. Williams, am I correct?

MR. WILLIAMS: Yes.

MR. ANDERSON: The field changed color in response to some type of coincidence so that a red spot disappeared because the field around it turned red and you couldn't see it any more. That is my recollection.

MR. GOLDENBERG: Mr. Anderson, I don't know that it is important, but I think there is also testimony that in one version of that demonstration, the spot disappeared when there was coincidence.

Perhaps Mr. Williams has a better recollection than I do.

MR. WILLIAMS: I don't believe so.

MR. ANDERSON: I think it disappeared because

they changed to the same color, but you may be right.

If we are going to get that refined, we will have to let the record speak for itself.

MR. GOLDENBERG: Your Honor, I don't know that it is that important. There was coincidence, and both parties agree on that.

MR. ANDERSON: I think it no longer became distinguishable, and I think we will just have to look at the record.

MR. GOLDENBERG: All right.

BY MR. ANDERSON:

Q Professor Kayton, in discussing the '480 patent application, you have made certain references to the claims and other references to the disclosures. If you will, please point out what, if any, difference there is in the way the '480 application was used as prior art by the examiner with respect to either the claims or the disclosure in accordance with Patent Office practice.

MR. GOLDENBERG: Your Honor, I object to this question because of the specific question to Professor Kayton with respect to this application and the '480 application and what the examiner did.

MR. ANDERSON: I think Mr. Goldenberg is right, I might say. I misphrased the question. I did not intend to phrase it as what the examiner actually did.

BY MR. ANDERSON:

Q Professor Kayton, you have discussed both the claims and the specification of the '480 patent application that is referenced in the two patents in suit, and I would like you to explain, if you can, with respect to an application so referenced under related applications and under background of the invention how such an application can be used by the examiner in prosecuting the patent application.

A In the case of commonly owned patent applications by different inventors, the examiner is obliged to consider the non-obviousness or obviousness of the claims of one, the later one, over the earlier one.

What the examiner would do is look at the claims in the patent application, all of them, the claims that may have been allowed or the claims that were not allowed at all, and determine whether the claims which he is considering in the second application define patentably unobvious subject matter over the inventions claimed in the earlier application.

He would look at those claims, determine

what invention they comprehend, then look at the claims that he is considering in this later application and say, "Well, here I have in one case an invention that is obvious over the invention claimed," or unobvious. If he finds them to be obvious, that is, if they don't claim patentably different inventions, he must require the assignee to say which of those two he is going to rely on.

If that election takes place, then the other claims would be abandoned. If he refuses, if the assignee refuses to do that, then the examiner will reject the claims, hold them abandoned in the second application.

With respect to the specification, the full disclosure of what was the prior art, as, for example, set forth in the background of the invention, the examiner would not look at just the claims. He would look at the entire disclosure to see, whether claimed or not, there is a description of some technology that would render the claims in the second application obvious or unobvious. He would reject it on that disclosure rather than just on the claims.

MR. ANDERSON: Your Honor, for convenience we have prepared Xerox copies of certain claims from the file wrapper of the application that resulted in the '480 patent, namely, the second application serial number 126,966, to merely make it easier to consider the claims that were in '480 at the time that the application 126,966 was filed and thereafter.

These are taken directly from the file wrapper, and I will hand the Court and Professor Kayton a copy of the file wrapper of the '480 patent application, Plaintiff's Exhibit 99-B.

BY MR. ANDERSON:

Q Professor Kayton, perhaps you can point out in the file wrapper where the material is found from which the copies of the claims were prepared?

In this case, the file wrapper pages do appear to be consecutively numbered by the Patent Office in pencil.

A Plaintiff's Exhibit 99-C, the first page, appears --

MR. ANDERSON: I might state, your Honor, first that we prepared this chart of the claims as counsel just to make it easier to see what is claimed.

With respect to each claim, we have reproduced Claim 1 again because other claims are dependent upon Claim 1. All of the pages of Exhibit 99-C are taken directly from 99-B but have been reassembled and Xeroxed just to make it easier to see.

For example, what Claim 9 relates to, where 9 depended on 8 and 8 depended on 7 and so forth, you really need some of this to interpret the dependent claims and have some feel for what is set forth in the dependent claims.

MR. GOLDENBERG: Your Honor, I am going to need a little time to figure this out. This wasn't on their exhibit list of what was going to --

MR. ANDERSON: That is true, your Honor. We prepared this --

THE COURT: All right, why don't we take a ten minute recess?

MR. GOLDENBERG: Thank you.

(There was a brief recess, after which the following further proceedings were had herein:)

MR. ANDERSON: Your Honor, I think we were just looking at the file wrapper and contents of

the '480 patent application, Plaintiff's Exhibit 99-B.

BY MR. ANDERSON:

Q Professor Kayton, you were pointing out, I think, where the claims appear in the file wrapper, the claims that were pending in the '480 patent application.

A Yes, Claims 1 and 2 that appear on Plaintiff's Exhibit 99-C appear in the file wrapper at page 25, handwritten page 25. That is Plaintiff's Exhibit 99-B.

Claims 7 and 8 on the first page of 99-C appear on page 26 of 99-B.

Claim 9 on the second page of 99-C also appears on page 26.

Claims 13 and 14 of 99-C appear on page 27 of 99-B.

MR. ANDERSON: Your Honor, I have, as I indicated, had these particular pages of Exhibit 99-C prepared merely to, in a simplified form, show what was claimed in the '480 application. I think they probably are relatively self-explanatory.

For the dependent claims, in every case I repeat the claims on which they depend and the various claims, such as Claim 7 specifically

claims horizontal sync generator, vertical sync generator, first and second dot generators.

That is the basic reason for the first page.

The continuation on the second page of 99-C includes the language of Claim 8 at the bottom of the first page, and in addition to that recites means for varying the position of the generator dots, television receiver screen. Claim 13 indicates certain claims with respect to dot coincidence. Claim 14, coincidence with a crowbar, which is a means for removing a dot from the screen.

On the next page, where we have reproduced Claim 1 and Claim 25, which depends from Claim 5, it specifically was claiming the means for automatically removing the dots about a television screen, which Mr. Goldenberg had asked some questions about.

The next page, Claim 1, and also Claim 43 dependent from Claim 1, recites that at least two dots are displayed on the screen.

The final page includes Claim 1 and several dependent claims and shows certain other features.

Claim 28 recites means for causing the dots to disappear, and Claim 29, means for chang-

ing the background color to record a hit, which is one of the features that has been mentioned here several times.

BY MR. ANDERSON:

Q Professor Kayton, you heard the testimony regarding the breadboard which constituted the reduction to practice of the disclosure of the '507 re-issue patent. In light of that and the Patent Office practice, was the reduction to practice available before the Patent Office for consideration?

A It was before the Patent Office in relationship to the prosecution of the '598 patent in exactly the same way.

The direct and cross-examination, as I understood it, established that there was a one to one correspondence between that reduction to practice and the invention claimed and disclosed in the '507. Since the references in the '598 to the '507 application, really to the predecessor of that application, were obliged to be considered as prior art, the actual reduction to practice being in one to one correspondence with it was similarly as a matter of logic before the Patent Office.

It is not even a question of practice. It is a question of simple logic and common sense. If A is equal to B and B is equal to C, then A is equal to C.

If B and C are not equal to each other, then A is not equal to C.

Q Professor Kayton, was the '480 application material available to the examiner during the prosecution of the parent '284 and '285 applications and during the prosecution of the

'507 and '598 applications?

A Would you repeat that? I am not quite clear on it.

Was what --

Q My question is with respect to the '480 patent application, as you have now described what was available in the Patent Office, in reference in the Patent Office, was that reference available both during the prosecution of the two original applications for the '284 and the '285 patents and before the examiner during the prosecution of the re-issue applications which resulted in the '507 and '598 patents?

A I understand.

Yes, both the re-issues and the parents of the re-issues expressly make reference to the '480 application.

Q What is the significance of having the '480 application available during both the original and the re-issue prosecution?

MR. GOLDENBERG: Your Honor, I object to this question. Again I think this is a matter for argument by attorneys for the parties, the significance of a fact namely, if it be the fact.

THE COURT: It is really so obvious that I don't think it needs any testimony. We have to assume that the examiner looked at it, that certainly it was

available there for him to look at if he wanted.

MR. GOLDENBERG: Your Honor, you understand that we dispute that the examiner looked at it?

THE COURT: I understand. I will sustain the objection because I don't think the question is necessary.

MR. ANDERSON: Thank you, your Honor.

BY MR. ANDERSON:

Q Professor Kayton, you were present and heard the testimony in this civil action with respect to the commercial success of the '507 and '598 patents, is that correct?

A Yes.

Q Could the question or the matter of commercial success be placed before the Patent Office examiner?

A It can.

Q It can be, and from your study of the file wrappers -- let me strike that.

How can that be done in the Patent Office first?

A The typical way to introduce evidence of commercial success bearing on non-obviousness is to submit it in affidavit form under Rule 132. That is 37 CFR 132. It is called a Rule 132 affidavit.

In it you would submit ex parte a discussion -- not a discussion -- you would set forth the facts tending to establish commercial success. That is available to an

applicant.

Q From your study of the file wrappers in '284 and '285, '507 re-issue and '598 re-issue applications, were any such affidavits put before the Patent Office?

A No 132 affidavits of any kind were submitted in the prosecution of those patents.

Q Is there any indication from your study of the file wrappers of those four original and re-issue patents of any reliance placed upon commercial success by the applicants?

A I have found nothing in any of the file histories to show that any reliance was placed upon commercial success to establish non-obviousness.

Q Would you characterize the nature of the arguments which were put forward by the applicants of non-obviousness?

A They were purely technological argument advanced to establish what the prior art was, what the claimed invention was, how it differed and why that technological difference of the invention as a whole rendered the claimed invention unobvious.

It was a pure technological analysis, much like the technology that we have gone through for several days here.

Q Professor Kayton, now I would like you to turn again to the reissue patent 28,507. That is the first of the two patents in suit, the one issued to William T. Rusch, and specifically I would like you to refer to two of the claims in that patent, Claim 25 at column 26 and Claim 51, which is printed at Column 31.

Claim 25 begins with the preamble, "In combination with a standard television receiver, apparatus for generating symbols upon the screen of the receiver to be manipulated by at least one participant comprising," and Claim 51 has a preamble which reads, "Apparatus for generating symbols upon the screen of a television receiver to be manipulated by at least one participant comprising".

Professor Kayton, would you just generally describe a preamble to a claim, and in construction in the Patent Office, what the preamble means?

MR. GOLDENBERG: Your Honor, once again there are numerous Court decisions dealing with this matter and Courts have ruled on what claim preambles are, what meaning they have, what meaning they don't have.

I submit that whether or not a preamble has significance is a matter of attorney's

argument, not for witness testimony, with references to the law, as we both have an opportunity to do.

MR. ANDERSON: Your Honor, I think it is a practice in the Patent Office. I am not asking Professor Kayton about the legal significance of preambles in general, and perhaps I should have phrased the question more carefully.

What I do want to get to, and I planned on it as a follow up question, is the Patent Office practice with respect to the language "in combination with" that is in Claim 25 in contrast to the language in the preamble of Claim 51, "Apparatus for generating symbols."

I think that is a clear practice matter and not really a legal question. There is a significant difference.

Perhaps Mr. Goldenberg and I can stipulate on it. I don't know.

MR. GOLDENBERG: I don't know that we can. I don't know what you have in mind.

I do disagree that claim interpretation is first a function for the examiner, then for the Board of Appeals of the Patent Office, which besides appeals from examiners, it publishes its

decisions. They are reported, available to the parties.

It is further a matter for the Court after that, including the United States Court of Customs and Patent Appeals. Those bodies have ruled time and time again on all matters of claim construction, including preambles and whether or not they are significant or not significant.

THE COURT: Well, are you aware of any case law on the question of whether there is any difference between the language "in combination with" and the language "apparatus for"?

MR. GOLDENBERG: Yes, your Honor, there is case law on this.

MR. ANDERSON: I think there probably is case law on this.

THE COURT: And this witness is going to testify to what the case law is, or are you going to --

MR. ANDERSON: No, I had in mind only that he would testify as to Patent Office practice.

THE COURT: I will overrule the objection and let him testify as to practice.

I don't see how it can hurt me to know that, to hear his testimony on it.

BY MR. ANDERSON:

Q Mr. Kayton.

A These two claims are in different claim format. They are basically different formats.

Claim 25, starting off with "in combination" is a format that is used when a practitioner wanted to set forth everything that follows as the combination which he is claiming as his invention.

Thus, in Claim 25, when he says, "In com-

"bination with a standard television receiver apparatus," for doing something, he is attempting to claim as the overall combination a television receiver with that apparatus.

Claim 51, on the other hand, is in a different format, where there appears a first statement describing just the general background in which the combination which is set forth thereafter would typically function.

And therefore, in Claim 51, where it says apparatus for generating symbols upon the screen of the television receiver, et cetera, et cetera, comprising, he is claiming in that claim as his inventive combination those things that appear after the word "comprising", and he is not claiming as part of that combination the television receiver; in contrast to 25, where he is setting forth in combination a television receiver and the other equipment.

Q In a claim such as -- in the format of Claim 25 then, what is the function of the preamble or reference to a specific structure such as a television receiver in the preamble?

A In Claim 25?

Q No, 51. I'm sorry.

THE COURT: The preamble is those words that

we are talking about here?

MR. ANDERSON: Usually those words before the word "comprising", your Honor. Yes, the first three lines of Claim 51.

BY THE WITNESS:

A Well, there is no preamble in Claim 25, other than "in combination".

There is a preamble in Claim 51, and the preamble typically sets forth the background, and is not part of the claimed combination. So in 51 nothing in the claimed combination need appear in prior art for that claim to be invalid, nor need appear in an infringing device for the device to infringe. It's just a -- you know, like saying this is the area where the invention might be used.

BY MR. ANDERSON:

Q And what is the significance of the recitation of a relationship such as generating symbols upon the screen of a television receiver in the original portion of the claim, or the preamble of the claim, in construing the total construction of the claim, in general practice?

A Well, it too is a general statement about the way the environment in which the elements after "comprising" function.

Q Is that language in the preamble used in normal practice in construing the meaning of the elements recited after that in the relationship to one another and the structure of the preamble in any way?

A No. Typically -- and there are exceptions -- the preamble does not do anything by way of limiting and

enhancing the specific defined elements that appear in the body of Claim 51.

There are exceptions. If the preamble set forth, for example, apparatus for generating symbols, and then specified some of its characteristics, and then farther down below, the elements that say means for generating, means for generating the hit symbol, means for generating the hit symbol, et cetera, they were to make specific reference back to the details of the preamble. Then that part of the preamble would be effectively incorporated by reference in the subsequent recitation of elements.

Q Professor Kayton, I think yesterday in opening portions of your testimony you referred to the filing fee as being a fee of \$100, and the final fee \$65. Is that correct?

A I reversed the figures. The filing fee, the basic filing fee is what I termed the issue fee, in reverse.

So the basic filing fee is \$65 and the basic issue fee is a \$100.

Q In addition to that basic fee, there are other fees that you discussed, such as a fee per independent or dependent claim at the time of filing.

A Yes. They were all correct.

MR. ANDERSON: They were correct.

Just one moment, your Honor.

BY MR. ANDERSON:

Q Mr. Kayton, from the record, when the examiner examined the '598 application with respect to the re-issue of the '285 patent, did the examiner have before him the '284 patent document?

A Well, the examiner was the same examiner for both the re-issued patents, and as is often the case, when you file a re-issued patent you surrender the parent patent of which you are trying to gain re-issue. Consequently, there was in the prosecution of the '507 re-issue, physically incorporated in the file wrapper, a copy of the '284 patent which it was seeking to re-issue.

In that sense, since it was the same examiner, the examiner physically had in his files at least a copy of the '284 patent while he was examining the '598 patent for re-issue.

Q Do you have in front of you the file wrapper and contents of the re-issue patent application that resulted in patent 28,507? That is Exhibit 2-C.

A I do now, yes.

Q Would you point out to the Court how physically the patent application for the re-issue was implemented and the relationship between that and the original printed '284.

A In this file history, if you will -- this is not one of the ones that is numbered consecutively.

Q I think that's right.

A The '284 patent is physically incorporated in this file history. I am holding it, and all I can do is say it's about two-thirds of the way.

MR. ANDERSON: I think the Court still has a copy.

THE COURT: What is the exhibit number?

MR. ANDERSON: It's 2-C.

THE COURT: 2-C. Yes, I do.

BY THE WITNESS:

A Now, on the page -- and that is the original patent with the embossed seal and ribbon of the Patent Office. That's it. And on the page immediately preceeding it, which on the top says, "Received September 9, 1974", this is a cover letter from the applicant's attorney, and it says just one short thing. It says, "The original Patent Number 659248 is submitted herewith." This was September 9, 1974 when it was received in the Patent Office.

So, yes, the same examiner Trafton physically had the '284 patent in his physical control and possession.

Q And is the actual specification that was filed with respect to the -- you know, the new specification filed with respect to the '507 re-issue application just a cut-up version, cut-up copy of the printed '284 patent?

A Yes. That's a standard procedure. When you file a re-issue, you don't retype the patent. You typically cut up the original, a copy of the original patent, and submit it as part of your re-issue application.

Now, you can make changes, and the changes will be indicated when you submit it by underlining, which becomes italics when the re-issue is printed; and deletions are indicated, that is, deletions of what appeared in the parent patent are indicated by brackets. So that you can tell, when you see a re-issued patent, what was taken out

of the parent and what was put in, if anything.

MR. ANDERSON: That completes the direct examination.

THE COURT: All right, Mr. Goldenberg. We will go until a quarter of 1:00.

CROSS-EXAMINATION

BY MR. GOLDENBERG:

Q Professor Kayton, do you have any affirmative evidence that the patent examiner gave consideration to the disclosure of the application for the '480 patent in connection with his examination of the applications for either the '284 or '285 patents or their re-issues?

A Did the examiner -- do I have affirmative evidence --

Q Yes, sir.

A -- that the examiner actually considered it?

Q Yes, sir.

A No, I do not.

Q Do you have a copy of the file wrapper of the application for the '284 patent available to you? That's Plaintiff's Exhibit 2-A.

A No, I don't.

I have two 2- C's, though.

MR. GOLDENBERG: Okay. Mr. Anderson has made this one available.

THE COURT: This is the file wrapper of which?

MR. GOLDENBERG: Of the application for the '284

patent, which is the original of the '507 re-issue, your Honor.

MR. ANDERSON: Your Honor, I think we took your copy back and put some tabs on it last night.

MR. GOLDENBERG: Now, my version of this file wrapper doesn't have numbered pages. And, Mr. Anderson, I am mystified. Usually we get those from the Patent Office numbered pages.

BY MR. GOLDENBERG:

Q But I would like you to turn to paper number 3, which is, I believe, the first action taken by the Patent Office.

THE COURT: What does the term "paper" mean here?

MR. GOLDENBERG: The Patent Office in its practice keeps sort of a docket list, and each paper transmitted back and forth between the Patent Office and the applicant is given a number. And it should -- if you would look at the back of that file wrapper that you have, your Honor, on the last sheet, that page is entitled "Contents", and those are the paper numbers, and it's a docket list, if you will.

Paper number 3 is the first action taken by the examiner.

THE COURT: About how far into this is that?

MR. GOLDENBERG: About one inch, your Honor.

THE COURT: Maybe you could find it for me.

MR. GOLDENBERG: If I may.

THE COURT: Okay, thank you.

BY MR. GOLDENBERG:

Q Professor Kayton, do you have it?

A I have it, yes.

Q Is it correct, sir, that paper number 3, the first action by the Patent Office, is a requirement for a restriction, is that correct?

A Yes.

Q A requirement for a restriction is a requirement by the examiner which arises because he believes the applicant is attempting to claim more than one invention, and the examiner comes to that view and then requires that the application be restricted to a single invention. Is that essentially correct, sir?

A Yes, except it needs more from an administrative point of view. He is dividing it into classes, into groups, and he wants one fee for each group, and you select the one that you want to have examined for that fee.

Q Ordinarily it's not a matter of substance, is it; it's a procedural thing, perhaps calculated, as much as anything else, to get more filing fees for the Patent Office?

A Yes.

Q Now, can you turn to the next office action, which

I believe is paper number 6.

A Yes, I have it.

THE COURT: I have it.

MR. GOLDENBERG: At this point I don't, your Honor.

THE COURT: It's about 10 pages past where we were.

BY MR. GOLDENBERG:

Q Professor Kayton, could you turn -- well, could you agree with me that page number 6 is a four page letter from the examiner to the applicant -- really to his attorney.

THE COURT: Excuse me.

(There was a brief interruption, after which the following proceedings were had herein:)

THE COURT: All right.

BY MR. GOLDENBERG:

Q Paper number 6 is a letter from the examiner to the applicant's attorney, an office action, if you will. And now for the first time the examiner is acting on the merits of the application, is that correct?

A Yes.

Q Can you turn to page 2 of paper number 6?

A Yes.

Q In paper number 2 --

A Page 2?

Q I'm sorry. Page 2. Thank you, Professor Kayton.

In the first paragraph on that page the examiner is rejecting certain claims under Section 103 on prior art, is he not?

A Yes.

Q The prior art he is using are certain patents which are listed at the end, as an attachment to paper number 6, isn't that correct?

A Yes.

Q In rejecting those claims the examiner takes as a basic prior art reference a patent to Althouse, is that correct?

A Yes.

Q And then proceeds to find other elements attempted to be claimed by the applicant in 1, 2, 3, 4, 5 other patents, is that correct?

A Yes.

Q So the examiner is using 6 prior art patents to reject those claims, isn't he?

A Yes.

Q Now, he says that Althouse discloses a joy stick control of a symbol on a t.v. display. Isn't that correct?

A Yes.

Q That's his basic reference, and he is attempting to say that if you add other things to that, it is still not patentable, because those things are shown in these other

patents; isn't that correct?

A Yes. He is saying it would be obvious to combine all that stuff.

Q All right, sir. Now, he used the patent to Evans to disclose a teaching to modulate the Althouse modulator for application to t.v. antenna terminals. That's toward the bottom of the paragraph.

A Yes.

Q That's the thing he finds in Evans, isn't it?

A That's what is stated, yes.

Q And he used the Goldsmith patent to provide a teaching of playing games on the Althouse TV display apparatus?

A Yes. I don't find the reference to Goldsmith in front of me.

Q It's in the last sentence of the paragraph.

A In what? The last sentence?

Q Yes, sir.

A Okay.

Q And it would be obvious to play games with the Althouse apparatus as taught by Goldsmith, et al.?

A Yes, sir. I see that.

Q So he has used three separate references to find these three different features, isn't that correct?

A Yes.

Q Why did he do that, if he had available to him a single reference, namely, the application for the '480 patent which showed all of those features?

A Mr. Goldenberg, I have no idea what is disclosed in either -- from a technological point of view -- what is disclosed in any of these references. I have studied none of that from the point of view of technology. I am not here as a technical expert.

Q All right, sir. And whatever the record shows in that respect it shows, or will show by the time it's complete. But assuming that the application for the '480 patent had all three of those things, why would the examiner go to three other patents and find them in separate bits and pieces, if he had the application for the '480 available to him?

MR. ANDERSON: Your Honor, I think I object. One, it's mixed hypothetical and real. Two, it's a "why" question, that Mr. Goldenberg asked me to avoid, and I did try to avoid. And three, it is technical.

THE COURT: Well, certainly the implication of the witness' direct examination was that the examiner did consider the '480 patent, although he confesses that he wasn't there to see him do it. He testifies to facts from which there is a fair inference that it was considered, and that therefore opens up to cross-examination any matter which throws light on the validity of that inference.

Overruled.

THE WITNESS: Would you repeat the question?

MR. GOLDENBERG: Would you read the question back, please?

Q (Read by the reporter.)

BY THE WITNESS:

A Well, you are asking me to speculate, and I will speculate as to possibilities.

I obviously cannot know, and the answer is dependent on the technology, but I could suggest, for example, that because it was clearly the case that he was obliged to consider the '480 and the applicant was demonstrating by his disclosure of it that this was prior art, he may well have wanted to build a record on additional prior art.

But I don't know that's the case. I just don't know.

BY MR. GOLDENBERG:

Q Isn't it possible, sir, that he did not have the application for the '480 patent available to him as prior art?

A You mean he did not physically have it?

Q He did not legally have it available to him.

A Is it not possible? No, it is not possible.

Q It is not possible?

A He was obliged to consider it for the reasons that I testified on my direct. That is as clear as anything can be, in my opinion.

Q On what basis could he have considered it,

sir, in accordance with 35 USC Section 102? Where is it prior art?

A 35 USC 103 was obviously the only basis he could consider it, and I specifically pointed out in the Manual of Patent Examining Procedure that the Patent Office clearly required him to do that.

Q I understand that, sir. But can't you agree with me that what is available as prior art under Section 103 is that prior art which is set forth in Section 102?

A Are you asking me to construe Section 102 or to tell you about the Patent Office?

Q No, sir. My basic question to you is, in which of the categories of Section 102 did this pending application fall as prior art?

A It's in the category with respect to prior art before the date of invention, as determined by an admission on the part of the applicant. That is knowledge on the 102(a) which would be incorporated in 103.

Q 102(a), is that what you are saying, sir?

A Yes.

Q That says the invention was known or used by others in this country or patented or described in the printed publication in this or a foreign country before the invention thereof by the applicant for a patent?

A Yes.

Q Isn't that knowledge, in order to defeat a patent required to be public knowledge?

A Yes. This is evidence of it.

Q Why? In what way is advising the patent examiner that you have an application pending which the law says is to be maintained in secrecy, is that an admission that the subject matter of that application is public knowledge?

A Well, it was expressly so held by the United States Court of Customs and Patent Appeals in *In Re Hellsund*. It said that any admission in the application, such as in the background of the invention, is an admission which renders it prior art considered under Section 103.

Q Sir, I understand that. But where is advising the examiner that you have -- that there is a co-pending application, where is that an admission that that invention, if you will, or the subject matter of that invention is public knowledge?

A Because you have admitted it to be prior art, as the Court held in *In Re Hellsund*.

Q *In Re Hellsund*. Well --

A I will give you the citation.

Q How do you spell that? Do you have the citation?

A Sure. In Re. Hellsund, 177 USPQ 170, decided March 15, 1973. H-e-l-l-s-u-n-d.

And I might point out that it is common practice in the Patent Office to treat such admissions as a basis for rejection under Section 103.

Q Has that ever happened to you, sir?

A No. Mr. Goldenberg, I in the last ten years have prosecuted only very few cases.

Q In the years preceding that, has that ever happened to you?

A I can't remember.

Q You worked for General Electric and Bell Laboratories. Both are companies that I believe have very large research organizations. And have you ever encountered an instance during that period where some application where you were acting on behalf of one of those companies was rejected on the co-pending application of --

A Admitted as prior art.

Q Well, let me finish my question.

-- rejected on the co-pending application from the same company?

A I prosecuted patent applications from 1953 through 1963 vigorously and extensively, and I just have no recollection of the details of any prosecution during this period of time.

Q All right, sir. Now, could you explain how the examiner could use a pending application as a reference in the face of expressed instruction in the Manual of Patent Examining Procedure not to do so? And here I refer you to 901.03, page 138, of the Manual.

A Would you repeat the number?

Q 901.03. I will read the first sentence --

A Yes, "Except as provided by Rule 11(b) pending U.S. applications are preserved in secrecy, Rule 14(a), and are not available as references. However claims in one application may be rejected on the claimed subject matter of a co-pending application of the same inventive entity. For applications having a common assignee and different inventive entities claiming a single inventive concept, see Section 804.03".

Shall I continue?

Q No, sir, that completes the reading of that section.

A Section 804.03 is what I made reference to in talking about using the claimed invention of one application commonly owned to reject the claims on the other.

Q But under that section, the examiner is making a comparison between claims, is he not?

A Yes.

Q He is attempting to ascertain whether or not these people are attempting to claim the same invention; isn't that the issue?

A Yes.

Q Or substantially the same invention?

A Yes.

Q He is not looking at the disclosures of one application to see if he can use it to reject the claims of another application?

A That is quite correct.

Q So I would ask --

A You started the question by saying, "How can he in the light of the expressed statement of 901 --"

Q That is right, sir.

A Do you want me to respond to that?

Q Yes, sir, if you would.

A I pointed out in 608.01 the provision for setting forth the background of the invention, including prior art. I also pointed out that that was done in those cases, and I further pointed out that that has been an admission of prior art which has been recognized as a basis for rejection. Indeed, you need not have any documentation and detail to refer to. A mere sentence in that part of the specification in which you say "It is known" or "It was used", any statement of that type, can be and is used against you, even though it does not conform to any of the physical characteristics of prior art set forth in 102.

It is in essence an admission against interest which the Court in the CCPA case held is an admission against interest, and it is a practice in

the Patent Office to use that, the contents of it, as prior art. Whether or not they use the physical document is another matter. It is the admission that is the prior art.

THE COURT: Mr. Goldenberg?

MR. GOLDENBERG: Yes, your Honor.

THE COURT: Let me see if I am following you.

On your view of the matter, how would the applicant have brought to the attention of the examiner the material represented by '480 in view of the first sentence of 901.03, which says that it is not available as a reference?

MR. GOLDENBERG: In my view, your Honor, the only way he could have done it and should have done it --

THE COURT: Excuse me. I don't mean for you to --

MR. GOLDENBERG: I understand.

THE COURT: If I am anticipating something you are going to go into on cross-examination, I --

MR. GOLDENBERG: No, I will be pleased to state our position on that.

(Continuing) - - is to have advised the Patent Office that on June 14, 1967, Mr. Ralph Baer completed, reduced to practice certain sub-

ject matter and tells the Patent Office what it was.

In this connection the Patent Office has an established procedure for dealing with that, for the applicant to call to the attention of the Patent Office what it believes to be or thinks might be pertinent or relevant prior art which should be considered. That procedure is spelled out in the Manual of Patent Examining Procedure at 707.05(b).

It is our position that when one looks at Section 102 of the statute, which defines what is prior art, when one looks at the Manual of Patent Examining Procedure, that there is no way the examiner could have rejected the claims of the '284 and '285 patent at that time or applications for those patents on the disclosure of the application for the '480 patent.

As evidence that he never even thought of doing it, we have elicited from Professor Kayton, or his agreement, that the examiner combined a number of references to reject claims, where indeed if he had had the application available to him and had in fact considered it, it would not have been necessary for him to do that at all.

BY MR. GOLDENBERG:

Q I would ask Professor Kayton is there anything in the Manual of Patent Examining Procedure which instructs examiners in dealing with what you call applicant's admissions?

A Offhand I do not know of anything.

I will repeat, however, in that connection that it is the practice to do that.

Q Do you know whether it was the practice in 1971?

A It was certainly the practice since the decision of Hellsund and before. Hellsund was March, 1973, I believe, and I cannot say when the practice started.

I know for a fact that in the case of In Re Prater and Ray before the CCPA, the applicant's admissions and precisely the question of what he considered his invention to be was used against him. It may be that it started back in '69 because the admissions at that time were significant. It was not in the same category as a reference to an application.

Q Whatever the facts of the Hellsund case are we will, of course, find those out but can you tell me whether that involved the rejection of one application on a co-pending application?

A I can tell you exactly what it was. There

was a reference in an application to an issued patent commonly owned by a different inventor but filed on precisely the same day as the application in issue. Consequently, under the strict interpretation of Section 102, the patent could not have been used against the application because it was filed on the same day and, therefore, not before, which is directly analogous but not 100 per cent.

In short, you had a disclosure that could not be used in the strict sense of 102. However, in the application the applicant admitted this to be prior art and, in fact, the CCPA said that it was that admission that made it prior art, even though the filing date in that patent would otherwise preclude it from being prior art.

Q Let's look at this admission that you find in the '507 patent, and could you turn to column 1 of that patent?

THE COURT: Since you are about to go into a new subject, would you just as soon stop now?

MR. GOLDENBERG: Yes, your Honor.

THE COURT: Why don't we stop now, and we will reconvene at 2:15.

MR. GOLDENBERG: Thank you, your Honor.

Kayton - cross

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(Whereupon the trial of the above-
entitled cause was adjourned to
2:15 o'clock p.m. of the same day
and date.)

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